

NEWS FROM

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Financial Aid Tip of the Month, October 2008

Avoid these common student financial aid mistakes

When it comes to finding ways to pay for college, many parents and students may end up paying more than they have to because they didn't avoid some common mistakes. Follow these tips from the KHEAA–Alabama to make sure you get all you can.

Believe it or not, many students miss out on money for college simply because they don't apply for it. Make sure you apply for every scholarship you can, because scholarships are free money you don't have to pay back. And even if you don't think you'll qualify for federal student aid programs, you should still submit the Free Application for Federal Student Aid, usually just called the FAFSA. Many states and colleges use the results from the FAFSA to determine if you're eligible for other aid programs, so not filing the FAFSA can really hurt your chances of getting money for college.

Another common mistake is waiting until the last minute to apply for financial aid. Some programs have deadlines, and others have limited funds. If you wait too late, you may miss out.

When you are accepted by a college, you'll get a financial aid package. Don't accept it without looking at it — carefully. If you've received offers from more than one school, compare them to see which is offering the best deal. And remember that you may be able to negotiate a better package.

If you're going to need loans to help pay for college, don't be a bad consumer. Not all lenders offer the same rates and benefits. Pay close attention to what lenders call the back-end benefits, the interest rate and principal reductions they offer when you have to repay the loan. That goes for both federal student loans and private loans.

Finally, remember that students are required to pay a larger percentage of their income and savings than parents are. The less money students have in their name, the better their chances of getting more financial aid.

For more information about financial aid and college planning, write to KHEAA–Alabama, 100 North Union Street, Suite 390, Montgomery, AL 36104-3761; or call 334-265-9720, toll free (800) 721-9720.